GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:300
ANSWERED ON:12.12.2006
RETAIL TRADE CENTRES
Chinta Mohan Dr. ;Suman Shri Ramji Lal

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) Whether foreign capital investment in the country is growing at slow pace ;

(b) If so, the reaction of the Government and action taken in this regard ;

(c) Whether sizeable foreign investment in retail sector is on luxurious goods than on essential goods; and

(d) If so, the reasons therefor alongwith the brands which have been permitted to trade in retail sector and have also set up retail trade centres in the country?

Answer

THE MINISTER OF COMMERCE & INDUSTRY (SHRI KAMAL NATH)

(a) & (b): No, Sir. Foreign Direct Investment (FDI) inflows in the country registered a growth of 45% in the year 2004-05 and 72% in 2005-06. In the current financial year, up to September 2006, FDI equity inflows have increased by 100%, as compared to the inflows received in the corresponding period of the previous year.

(c) & (d) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 300 FOR ANSWER ON 12-12-2006.

(c)&(d) : With a view to attracting investments in production and marketing, improving the availability of such goods for the consumers, encouraging increased sourcing of goods from India, and enhancing competitiveness of Indian enterprises through access to global designs, technologies and management practices, Government vide Press Note 3 (2006 Series) dated 10-2-2006 has allowed FDI up to 51%, with prior Government approval, in the retail trade of 'Single Brand' products, subject to the conditions contained in it. These are usually high-end products which have a limited demand, require higher investment and target a specific set of clientele.

Government has approved 7 proposals for FDI in Single Brand Product retailing during March-November 2006. Details of these proposals are in the Statement at Annex.